

Health and Recovery Services Administration Caseload Forecasts Year in Review

JUNE 2005 THROUGH FEBRUARY 2006



STATE OF WASHINGTON • CASELOAD FORECAST COUNCIL

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CFC FORECAST YEAR IN REVIEW: Health and Recovery Services Administration

June 2005 through
February 2006

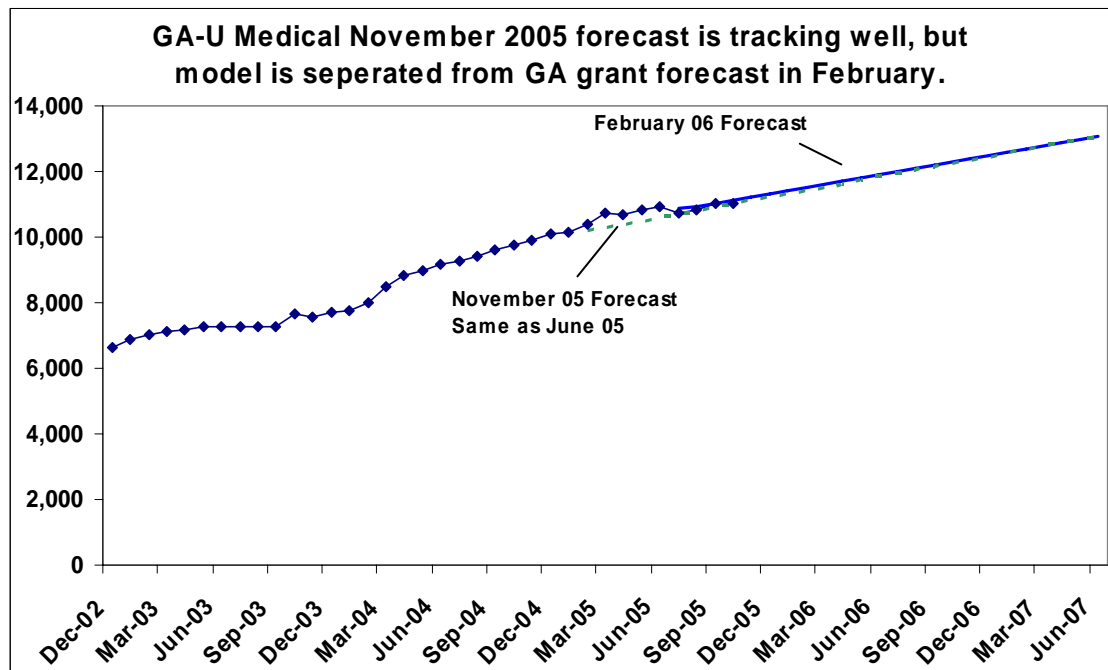
The Year in Review provides a broad overview of the major forecast changes that have occurred over the past three forecast cycles. This report details changes from the June 2005 forecast through the February 2006 forecast.

The medical assistance programs forecasted by the Caseload Forecast Council (CFC) are primarily entitlement programs that are, at least in part, funded through state funds. Refugee medical assistance is the only exception and is totally federally funded. A few programs are independently state funded, but the vast majority of medical assistance programs are jointly funded through the state and federal governments through Medicaid.

NON-MEDICAID MEDICAL ASSISTANCE:

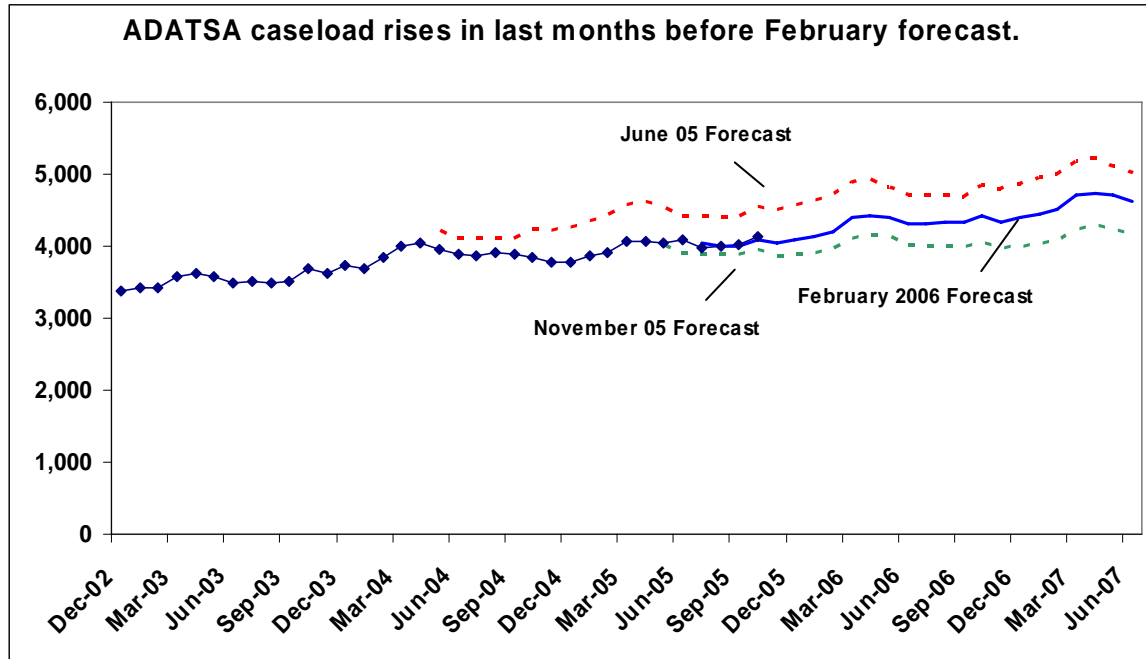
The CFC forecasts three medical assistance programs that are not funded through Medicaid. The first program is General Assistance Unemployable – Medical (GA-U) which is totally state funded medical assistance for individuals with temporary disabilities that prevent them from working. The second program is medical assistance for Alcohol and Drug Addiction Treatment Support Act (ADATSA) beneficiaries who are receiving drug and alcohol treatment. This program is also totally state funded. The last program is medical assistance for refugees and is federally funded.

GA-U Medical: Through November 2005, the GA-U Medical forecast model had been based on the forecast for the cash grant for GA which includes both GA-U and GA-Expedited Medical (GA-X). The GA program also covers several other smaller categories of individuals whose medical benefits are covered through Medicaid.

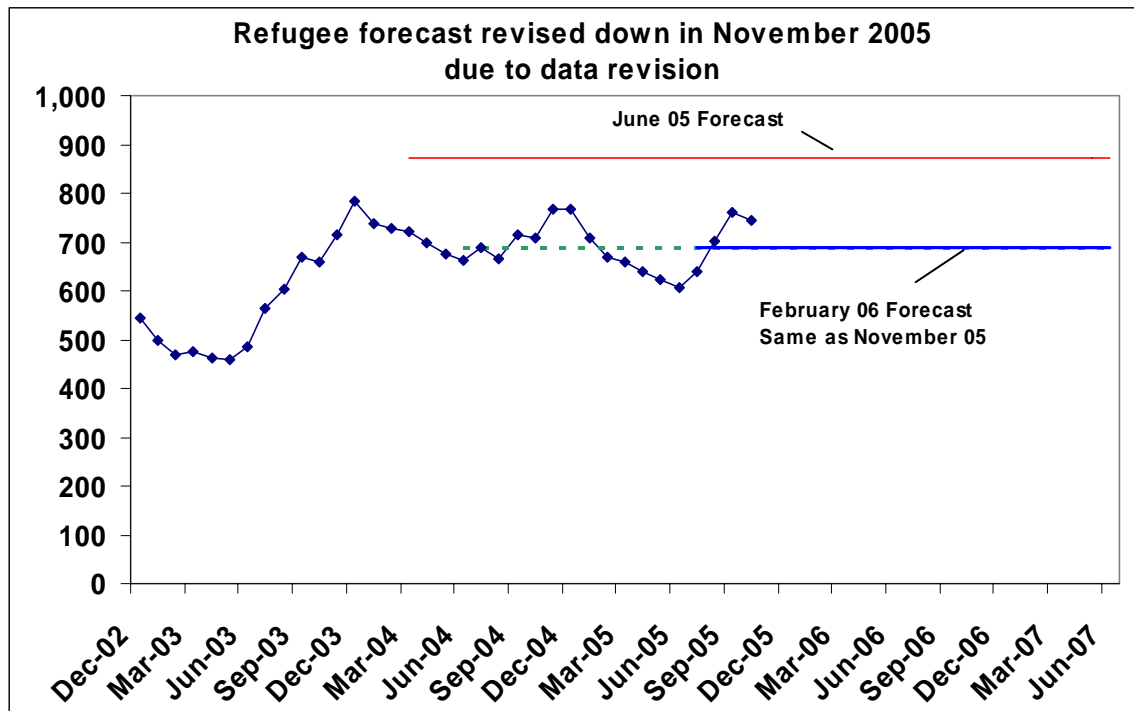


Although the November 2005 forecast for GA-U Medical was tracking the caseload quite well, the GA grant forecast was tracking above actual caseload data and had to be revised. It was decided to no longer base the GA-U Medical forecast on this revised GA grant forecast, but simply to base the forecast on the most recent twelve month average growth rate of the GA-U caseload.

ADATSA Medical: The downward shift in the ADATSA forecast in November was largely due to a data revision for fee-for-service medical services. The revision up from the November forecast simply reflects the higher caseload values observed over the last three months.



Refugee: The refugee forecast was revised down in November 2005 due to a data revision for fee-for-service medical services. This caseload typically varies around a fairly constant mean. This average caseload level appeared to be constant between November 2005 and February 2006 and so the forecast was not revised.



MEDICAID PROGRAMS:

There are various categories of individuals who qualify for Medicaid.

Medicaid is a medical assistance program for the poor, so all recipients must meet low income and asset requirements. Not all low income individuals though, qualify for Medicaid. They must also be a part of a specific eligibility group. In general Medicaid coverage is limited to low income individuals who are unable to work because of a physical or mental limitation, family status, or age. Special coverage groups within low income individuals include children, pregnant women, the elderly, people with disabilities, and families that qualify for Temporary Assistance for Needy Families (TANF).

States have broad discretion in determining which groups their Medicaid programs cover. There are certain mandatory groups and other groups that are optional or that can be covered through a specific state waiver of federal eligibility requirements.

The broadest scope of coverage is for those who are deemed **Categorically Needy (CN)**. These persons are generally eligible through their qualification for cash benefits under SSI or TANF programs. Other groups that qualify purely based on low income include Medicare beneficiaries, pregnant women, and children.

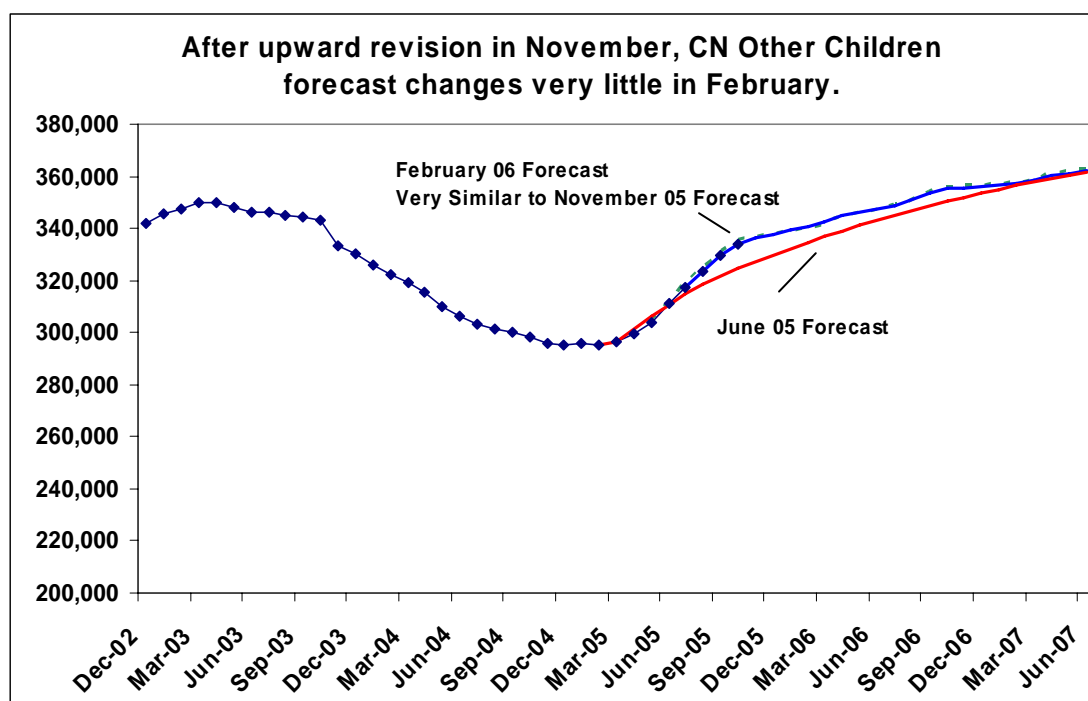
Medically Needy (MN) programs are for individuals in the above groups with income and/or resources above CN limits. MN coverage provides slightly less medical coverage than CN and requires greater financial participation by the client. MN clients with income above MN limits are required to spend down excess income on qualifying medical expenses before medical benefits can be authorized.

Categorically Needy Medicaid:

CN Other Children: covers newborns and children under age 19 with incomes below 200% of the Federal Poverty Level.

June 2005 to November 2005 Forecast

The November 2005 forecast was revised upward from the June 2005 forecast due to fewer than normal eligibility reviews being done between April and October of 2005.



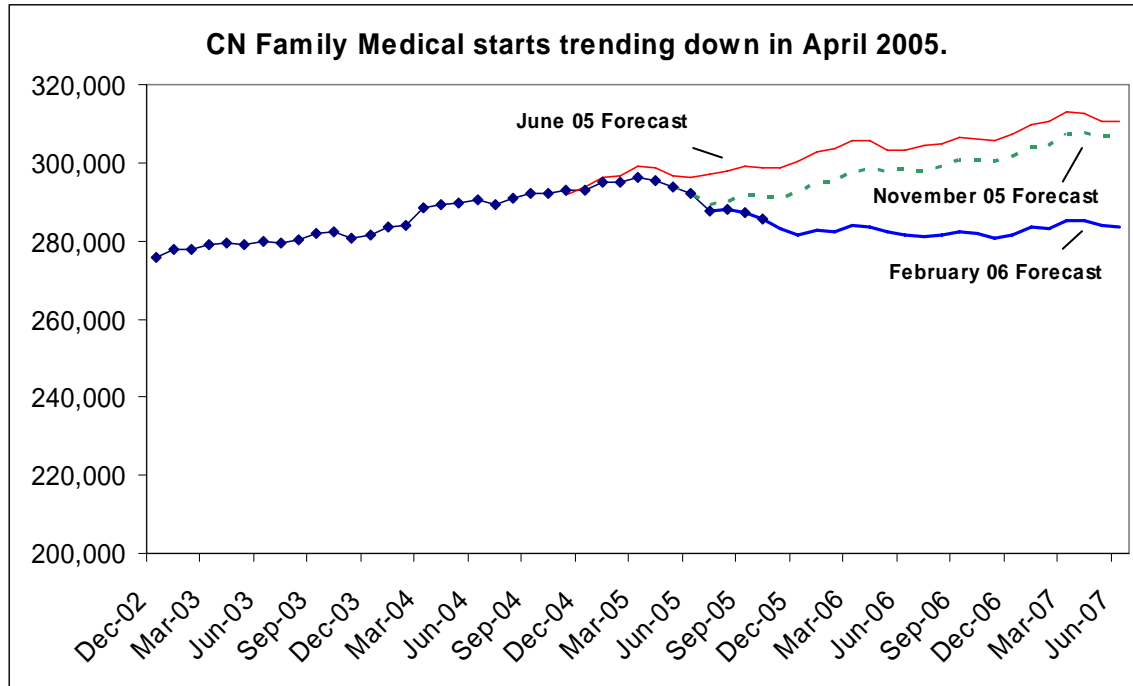
Starting in October 2005, the caseload growth rate slowed as eligibility reviews began to occur again at their normal rate. Although the overall forecast was tracking well as of February 2006, certain components within the forecast were beginning to track off. The forecast model is based on entries into and exits from the program, as well as, transfers between this program and the CN Family Medical and SCHIP programs. Entries into CN other Children had been lower than forecasted, while transfers into CN Other Children from CN Family Medical were higher than expected. Adjustments to these two components cancelled each other out leaving the forecast almost identical to what it was in November 2005.

CN Family Medical: This program provides aid to families that qualify for TANF. Families with dependent children under the age of 19 whose income and resources are below TANF limits may receive both TANF cash benefits and CN medical. TANF cash benefits are restricted to 60 months maximum in a lifetime, but there isn't a lifetime limit for medical.

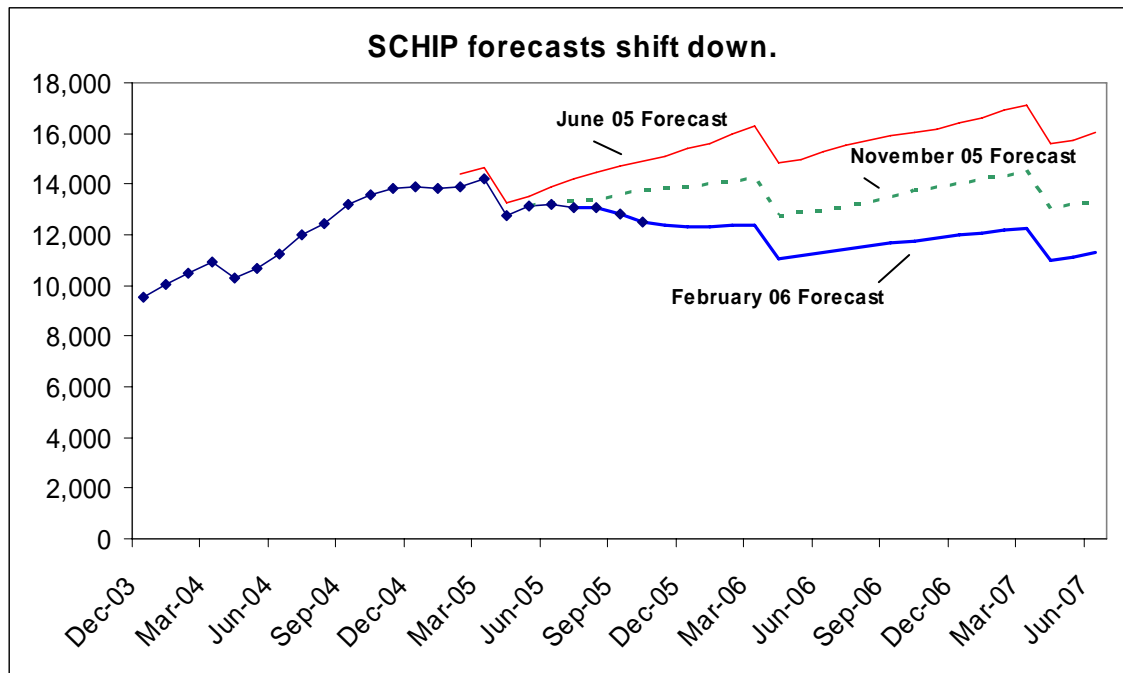
A policy change in the spring of 2005 increased transfers from CN Family Medical to CN Other Children. Prior to April 2005, children were guaranteed six months of medical eligibility after they qualified for medical coverage. After April, children were guaranteed twelve months of continuous medical coverage even though the families' TANF grants were reviewed after six months. Although adult TANF recipients who lose TANF eligibility after six months still lose

medical coverage, children now transfer over to CN Other Children and continue to receive coverage for an additional six months.

This effect was observed and there was a significant jump in transfers from CN Family Medical to CN Other Children in April 2005. The corresponding drop in exits from the CN Family Medical program, though, did not occur. The increase in total outflows from the program, while inflows remained at previous forecasted levels, led to the reduction in the forecast in February 2006. No specific cause has yet been identified for the increase in exits that occurred in April 2005, and this remains a risk to the forecast.



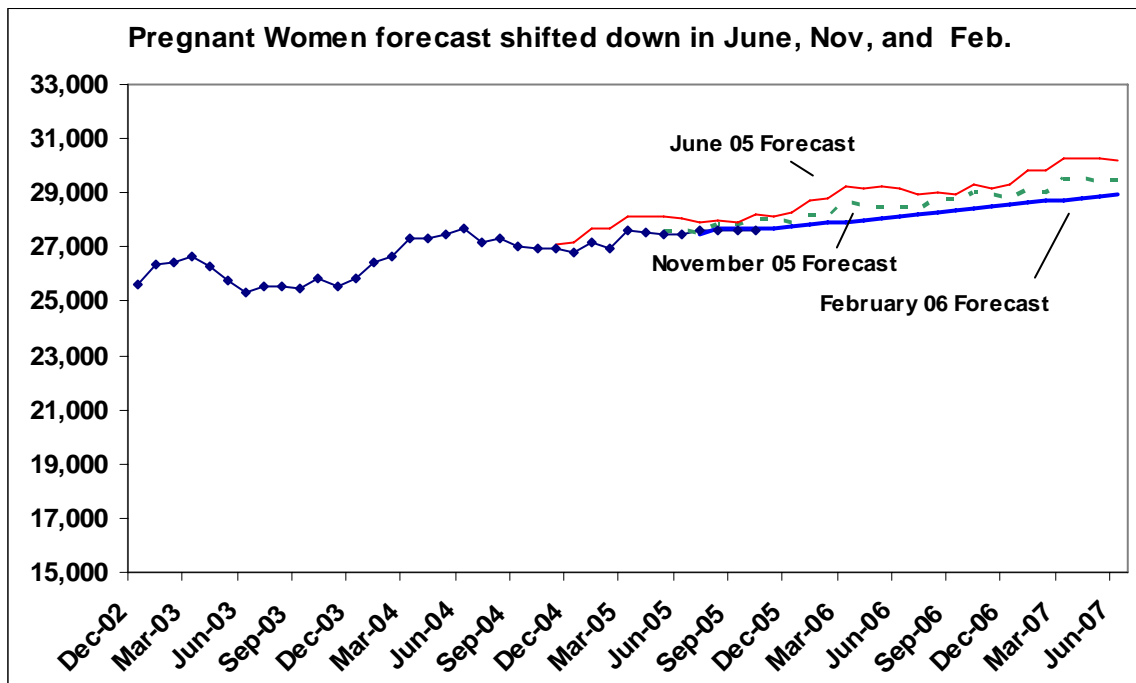
SCHIP: is a federal/state program that covers children under age 19 in families whose income is too high to qualify for Medicaid but below 250% of the FPL. It is not considered a state entitlement program and is, thus, not an official forecast of the CFC. Nonetheless this program has important links to the CN Other Children caseload and potentially to the CN Family Medical program.



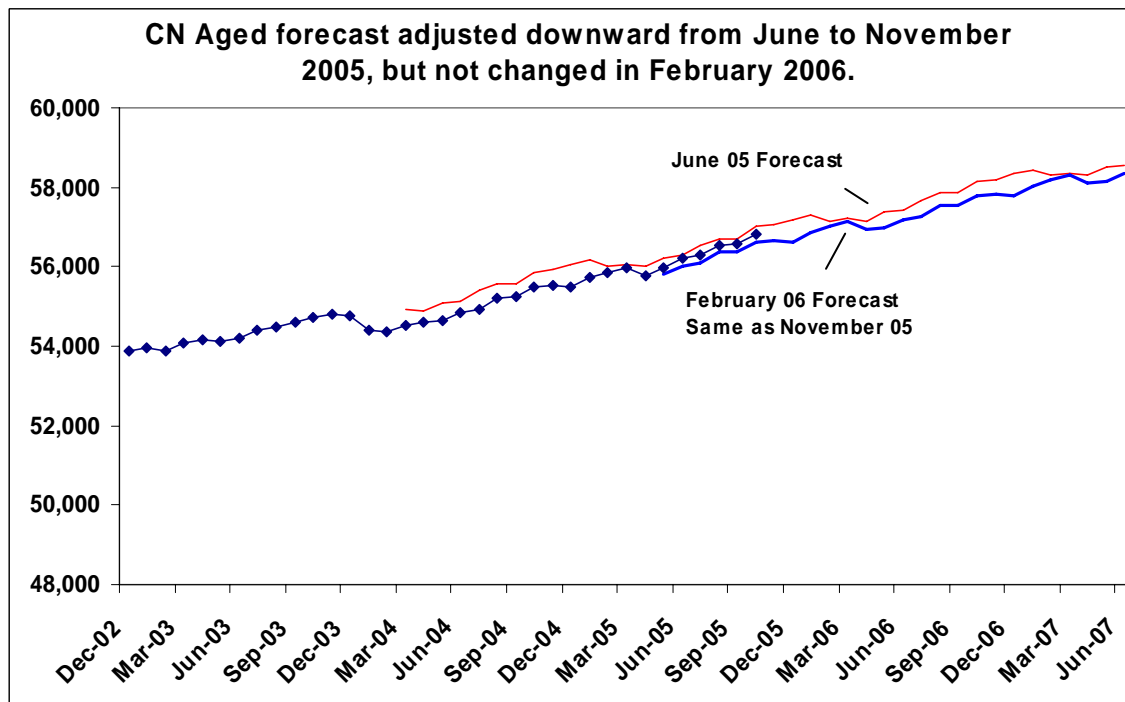
Like the CN Family Medical caseload, the SCHIP caseload changed its behavior substantially after April 2005. In the case of SCHIP entries into the program fell below forecast leading to a lower caseload.

Overall the combined caseloads of CN Other Children, CN Family Medical, and SCHIP are below what was forecasted in November 2005. The return to the program after the implementation of 12 months of continuous eligibility and subsequent growth has been less than initially forecast. This may, at least in part, be due to a steadily improving economy over this period.

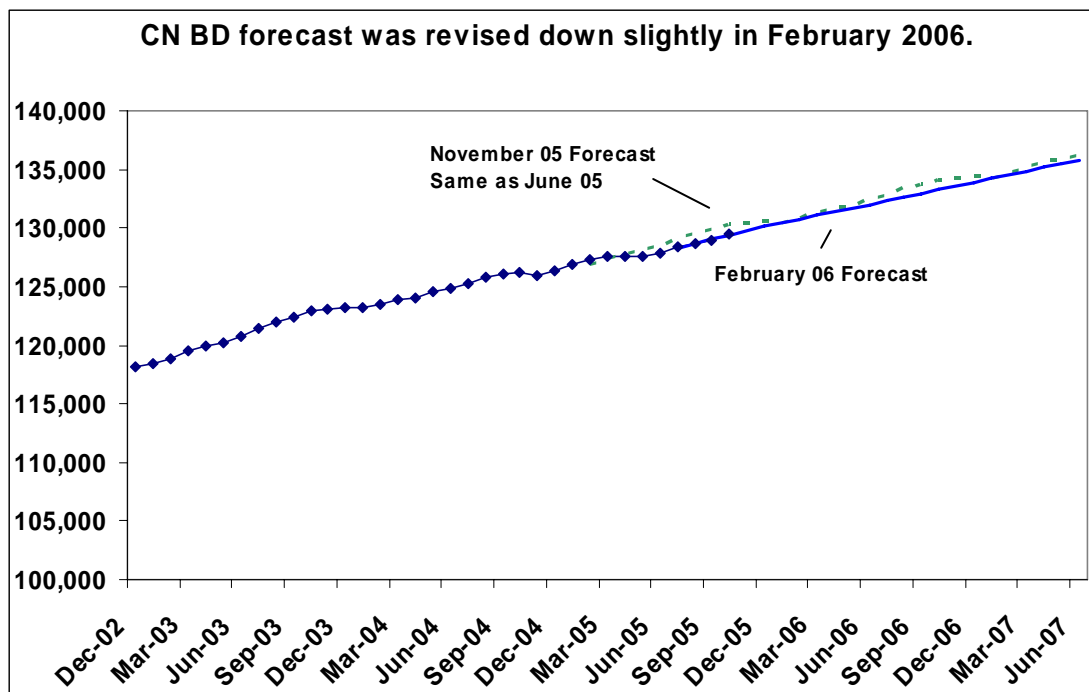
Pregnant Women: The trend of pregnant women leveled out slightly in the last few months of 2005. Adjusting the February forecast to trend caused a downward shift of 1.2 percent over the biennium.



CN Aged: The growth rate of CN Aged is expected to reach about two percent a year over the biennium. The downward shift of the forecast between June and November 2005 was mostly due to the small downward step the caseload took in April 2005.

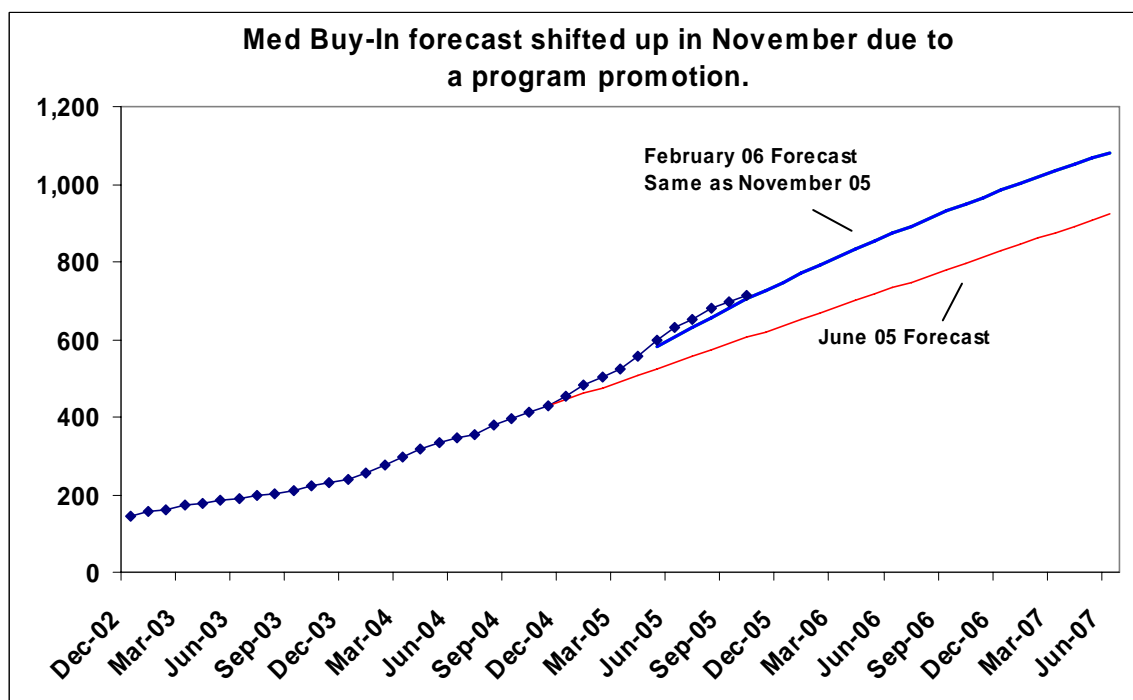


CN Blind/Disabled: The CN Blind/Disabled forecast was adjusted downward slightly in February to adjust for a slight drop in the caseload in May 2005.



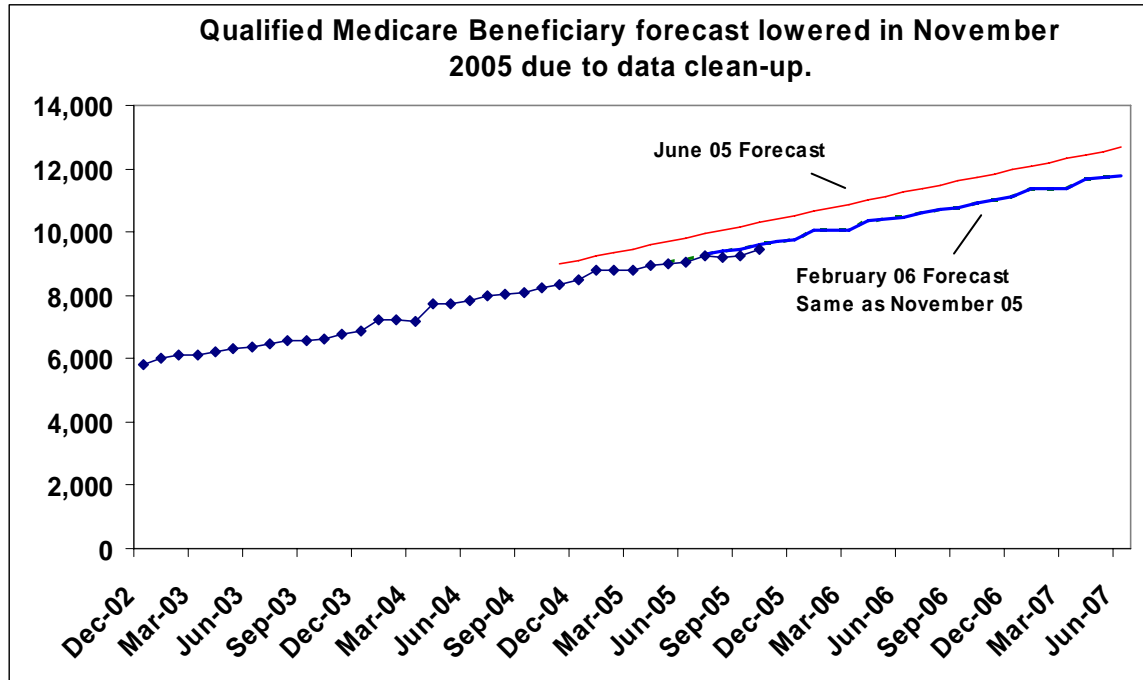
Medicaid Buy-In:

The Medicaid Buy-In program is a healthcare program for workers with disabilities. It was started in 2000, and recent increases in the growth rate have been principally due to increased awareness of the program.



Qualified Medicare Beneficiary: To be eligible for the Qualified Medicare Beneficiary (QMB) program the client must be enrolled in Medicare Part A. Income limits are based on 100 percent of the Federal Poverty Level. Under QMB, Medicaid pays for Medicare Part B premiums, deductibles, co-payments, and any Medicare Part C, that covers HMO premiums and co-pays.

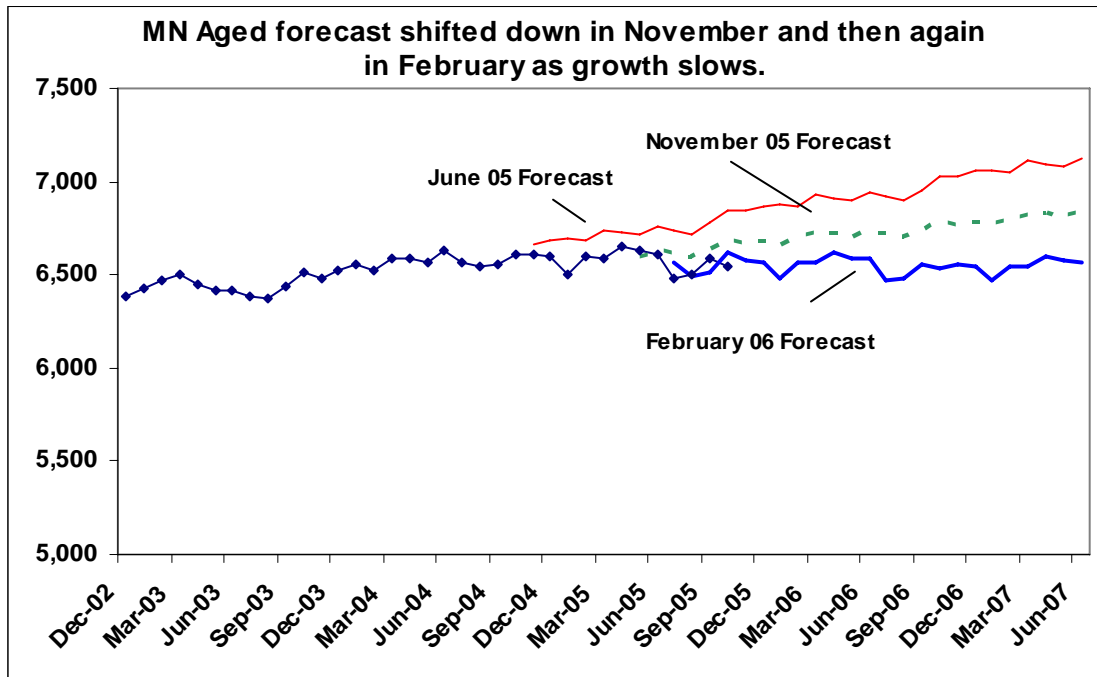
The forecast for this program was revised down in November 2005 principally because of the data clean-up that was undertaken by DSHS.



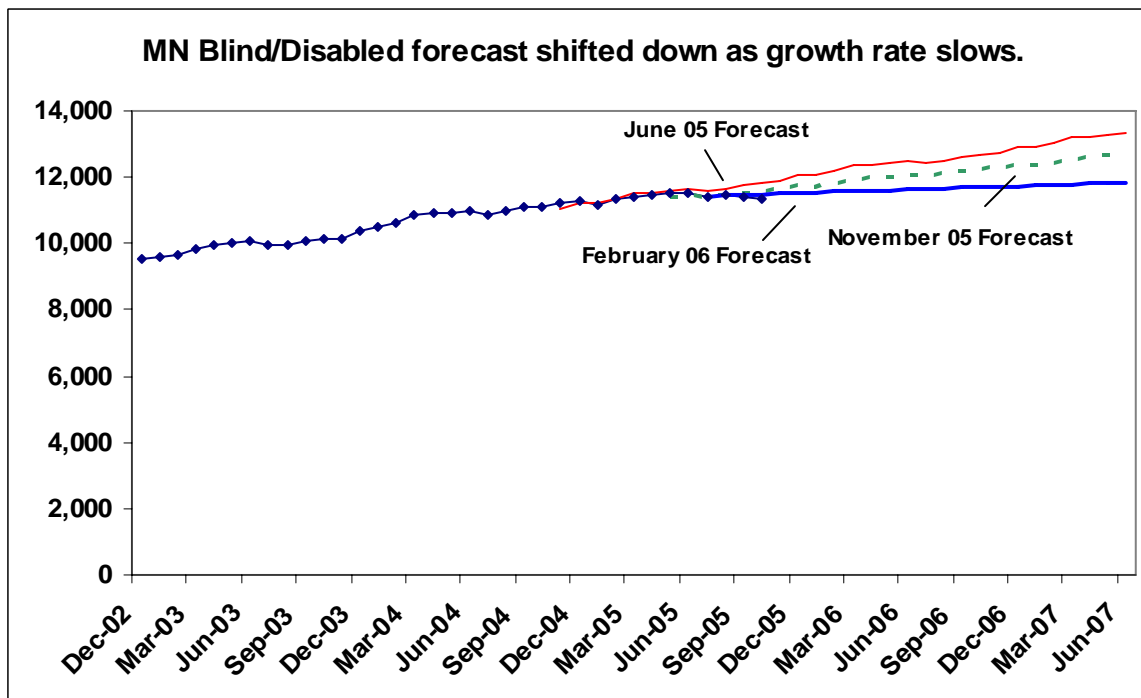
Medically Needy Medicaid:

MN Aged: The MN Aged forecast has been shifting down over the past year. Although this program is likely to be affected in the future by the implementation of Medicare Part D, this did not cause the downward shifts in the forecast observed in 2005.

Average growth over the 2005-07 Biennium went from a predicted 3.3 percent in June 05, to 1.5 percent in November 05, to -0.4 percent in February 2006. This lowering in expected growth rate was done even without including the effects of Medicare part D. The implementation of Medicare Part D is expected to lower the MN caseloads, as many beneficiaries meet their spend-down for MN in all or in part because of drug expenses.



MN Blind/Disabled: Like the MN Aged forecast, the MN Blind/Disabled forecast has also shifted down from June to November to February. Average growth over the 2005-07 Biennium went from a predicted 7.1 percent in June 2005, to 4.9 percent in November 2005, to 2.2 percent in February 2006. These changes are only likely to be magnified with the implementation of Medicare Part D.



Forecast Comparisons										Caseload Change		
		Actual	Jun 05	Nov 05	Feb 06	Change from Nov 05	Percent Change from Nov 05	Change from Jun 05	Percent Change from Jun 05	Fiscal Year	Annual Change	Percent Change
GAU 1110	FY03	6,833										
	FY04	7,989								FY03-04	1,156	16.9%
	FY05	10,151								FY04-05	2,162	27.1%
	FY06		11,594	11,267	11,388	121	1.1%	-206	-1.8%	FY05-06	1,237	12.2%
	FY07		12,833	12,506	12,553	48	0.4%	-279	-2.2%	FY06-07	1,165	10.2%
ADATSA 1111	FY03	3,473										
	FY04	3,750								FY03-04	276	8.0%
	FY05	3,928								FY04-05	179	4.8%
	FY06		4,630	3,971	4,180	209	5.3%	-450	-9.7%	FY05-06	251	6.4%
	FY07		4,928	4,090	4,484	394	9.6%	-444	-9.0%	FY06-07	305	7.3%
Refugee 1130	FY03	538										
	FY04	685								FY03-04	147	27.4%
	FY05	685								FY04-05	0	0.0%
	FY06		873	688	688	0	0.0%	-185	-21.2%	FY05-06	3	0.5%
	FY07		873	688	688	0	0.0%	-185	-21.2%	FY06-07	0	0.0%

Forecast Comparisons										Caseload Change		
		Actual	Jun 05	Nov 05	Feb 06	Change from Nov 05	Percent Change from Nov 05	Change from Jun 05	Percent Change from Jun 05	Fiscal Year	Annual Change	Percent Change
CN Family Medical 1005	FY03	276,553										
	FY04	284,308								FY03-04	7,755	2.8%
	FY05	293,175								FY04-05	8,867	3.1%
	FY06		301,343	294,077	284,123	-9,954	-3.4%	-17,220	-5.7%	FY05-06	-9,052	-3.1%
	FY07		308,437	303,124	282,774	-20,350	-6.7%	-25,663	-8.3%	FY06-07	-1,349	-0.5%
CN Children < 200% FPL 1055	FY03	344,487										
	FY04	328,394								FY03-04	-16,092	-4.7%
	FY05	299,740								FY04-05	-28,654	-8.7%
	FY06		330,267	337,138	336,660	-478	-0.1%	6,393	1.9%	FY05-06	36,920	12.3%
	FY07		354,004	357,042	356,304	-738	-0.2%	2,301	0.6%	FY06-07	19,644	5.8%
CN Pregnant Women 1050	FY03	25,754										
	FY04	26,392								FY03-04	638	2.5%
	FY05	27,202								FY04-05	810	3.1%
	FY06		28,556	28,150	27,818	-332	-1.2%	-738	-2.6%	FY05-06	616	2.3%
	FY07		29,615	29,077	28,584	-494	-1.7%	-1,031	-3.5%	FY06-07	766	2.8%
CN BD 1040	FY03	118,598										
	FY04	123,240								FY03-04	4,642	3.9%
	FY05	126,702								FY04-05	3,462	2.8%
	FY06		130,707	130,707	130,208	-499	-0.4%	-499	-0.4%	FY05-06	3,506	2.8%
	FY07		134,592	134,592	134,067	-526	-0.4%	-526	-0.4%	FY06-07	3,859	3.0%
BCCT (subset of 1040 total above)	FY03	119								FY02-03		
	FY04	182								FY03-04	63	52.9%
	FY05	306	209	209						FY04-05	124	68.1%
	FY06		209	209	347	138	66.0%	138	66.0%	FY05-06	41	13.4%
	FY07		209	209	427	218	104.4%	218	104.4%	FY06-07	80	23.1%
CN Aged 1020	FY03	53,873										
	FY04	54,599								FY03-04	726	1.3%
	FY05	55,620								FY04-05	1,021	1.9%
	FY06		57,069	56,737	56,737	0	0.0%	-332	-0.6%	FY05-06	1,117	2.0%
	FY07		58,209	57,901	57,901	0	0.0%	-308	-0.5%	FY06-07	1,165	2.1%

Forecast Comparisons										Caseload Change		
		Actual	Jun 05	Nov 05	Feb 06	Change from Nov 05	Percent Change from Nov 05	Change from Jun 05	Percent Change from Jun 05	Fiscal Year	Annual Change	Percent Change
QMB 1140	FY03	5,863										
	FY04	7,068								FY03-04	1,205	20.6%
	FY05	8,545								FY04-05	1,477	20.9%
	FY06		10,594	9,885	9,885	0	0.0%	-709	-6.7%	FY05-06	1,339	15.7%
	FY07		12,022	11,203	11,203	0	0.0%	-818	-6.8%	FY06-07	1,319	13.3%
Medicaid Buy-In 1059	FY03	143										
	FY04	261								FY03-04	118	82.2%
	FY05	476								FY04-05	216	82.8%
	FY06		644	757	757	0	0.0%	113	17.5%	FY05-06	280	58.8%
	FY07		836	990	990	0	0.0%	154	18.4%	FY06-07	234	30.9%
MN Aged 1080	FY03	6,394										
	FY04	6,514								FY03-04	120	1.9%
	FY05	6,589								FY04-05	75	1.1%
	FY06		6,851	6,680	6,562	-118	-1.8%	-289	-4.2%	FY05-06	-27	-0.4%
	FY07		7,034	6,783	6,537	-246	-3.6%	-497	-7.1%	FY06-07	-24	-0.4%
MN BD (1100+1101)	FY03	9,585										
	FY04	10,458								FY03-04	873	9.1%
	FY05	11,250								FY04-05	792	7.6%
	FY06		12,058	11,753	11,530	-222	-1.9%	-528	-4.4%	FY05-06	280	2.5%
	FY07		12,899	12,387	11,744	-643	-5.2%	-1,155	-9.0%	FY06-07	214	1.9%
SCHIP (unofficial forecast)	FY03	7,342										
	FY04	9,531								FY03-04	2,188	29.8%
	FY05	13,332								FY04-05	3,801	39.9%
	FY06		15,150	13,562	12,239	-1,322	-9.8%	-2,910	-19.2%	FY05-06	-1,092	-8.2%
	FY07		16,159	13,680	11,679	-2,000	-14.6%	-4,479	-27.7%	FY06-07	-560	-4.6%

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